

Financial Procedure Rules

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APPENDIX 1 FINANCIAL LIMITS

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A GENERAL

- A1 Financial Procedure Rules provide the framework for managing Derby Homes' financial affairs. They apply to every Board member and employee of the Company and anyone acting on behalf of the Company.

Derby Homes is an arms length organization with delegated responsibility to run the housing management and maintenance services for Derby City Council's 15,300 council tenants. In carrying out its responsibility, Derby Homes will operate with both its own and Derby City Council assets and finances.

The agreement between Derby Homes and Derby City Council covers a number of Derby Homes objectives on financial issues, in particular

Section

- 15 Required to secure continuous improvement having regard to economy, efficiency and effectiveness
- 19.2 Training of staff in relevant policies, rules, standing orders and financial regulations of the Council
- 21 Use of assets – both Council and Derby Homes
- 22 Contracts to be administered
- 23 Assignment of sub contractors
- 24 Use of computer systems and software
- 25 Insurances
- 33.3 Monthly meetings with Council's representative to discuss financial and budgetary issues
- 34 Audits
- 35 Fraud
- 51 Financial arrangements – refers to sixth schedule (pages 130-3) – states that in paragraph 11 'All expenditure incurred by Derby Homes Ltd will be authorised by appropriate responsible officers employed by Derby Homes Ltd. The mechanism for the authorisation will be developed in due course. In the interim, Derby Homes Ltd will adopt the Financial Regulations and Standing Orders of Derby City Council to authorise all payments. This will enable the City Council to carry out the function of processing payments on behalf of Derby Homes Ltd. The adoption of any alternative mechanism will be subject to the agreement of the Director of Finance of Derby City Council

- A2 The Rules also identify the responsibilities of the Director of Derby Homes and of senior officers. Officers should maintain a written record where these responsibilities have been delegated to employees, including employees seconded to other departments.

- A3 All employees have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for economy in the use of resources.

Responsibilities of Finance Manager

- A4 The Finance Manager is the responsible officer for the proper administration of the financial affairs of Derby Homes Ltd. This means that all accounting procedures, systems and records of Derby Homes and its Officers should be determined by the Finance Manager and should take account of proper professional practices. This responsibility for the administration of Derby Homes' financial affairs cannot be overridden by anything in a Scheme of Delegation or set of financial procedures.
- A5 The Finance Manager is also the responsible officer for reporting to the Board of the company:
- a. has made, or is about to make, a decision, which involves incurring unlawful expenditure
 - b. has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or
 - c. is about to create an entry in the Council's accounts that would be unlawful.
- A6 To make sure that any proposed changes to Financial Procedure Rules are approved by the Board.
- A7 Where appropriate, to report breaches of Financial Procedure Rules to the Board.
- A8 To issue instructions and guidance notes, where necessary, to amplify Financial Procedure Rules.
- A9 To review the financial limits set out in Appendix 1 to these Rules in line with inflation.

Responsibilities of the Director of Derby Homes

- A10 To make sure that:
- a. existing and new employees are informed of their responsibilities under Financial Procedure Rules and Contract Standing Orders and are familiar with these documents
 - b. all financial regulations or contracts and award procedures are followed by everyone in their department
 - c. relevant records are maintained and retained.

- A11 To make sure that all reports including those seeking approval under delegated powers record their financial implications, and that these are agreed in advance by the Finance Manager. In particular, any report containing new proposals includes an independent financial assessment by the Director of Finance.
- A12 To consult the Finance Manager on any matter that is liable materially to affect the finances of Derby Homes, before any commitment is incurred.
- A13 To be responsible for securing value for money in relation to their activities and for achieving financial performance targets in accordance with Best Value principles.

B SYSTEMS AND PROCEDURES

Why is this important?

Derby Homes has many systems and procedures relating to the assets of the Council, including purchasing, costing and fleet management systems. Staff are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to make sure that transactions are properly processed and errors detected promptly.

The Finance Manager has a personal responsibility to make sure that the Derby Homes financial systems are sound and should therefore be notified of any new developments, changes or operational issues.

Responsibilities of Finance Manager

- B1 To make arrangements for the proper administration of Derby Homes' financial affairs, including to:
- issue advice, guidance and procedures to be followed by Derby Homes' employees and others acting on its behalf
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for audit of the Derby Homes' financial affairs
 - approve any changes to be made to existing financial systems or new systems introduced to Derby Homes.

Responsibilities of the Director of Derby Homes

- B2 To make sure that accounting records are properly maintained and held securely.

- B3 To make sure that vouchers and documents supporting financial transactions or decisions are not destroyed except in accordance with arrangements approved by the Finance Manager and Director of Derby Homes.
- B4 To make sure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records, and vice versa, is maintained.
- B5 To incorporate appropriate controls and checks to make sure that, where relevant:
- all input is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely.
- B6 To make sure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- B7 To make sure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- B8 To make sure that systems, procedures and responsibilities are documented and employees trained in operations.
- B9 To consult with the Finance Manager before changing any existing system or introducing new systems.
- B10 To consult with the Finance Manager and Company Secretary of Derby Homes in situations where it is considered that the rigid application of Financial Regulations will be likely to work against the best interests of Derby Homes.
- B11 To establish and keep up to date a Scheme of Delegation identifying officers authorised to act upon the Director's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- B12 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Finance Manager, together with any subsequent variations.

- B13 To make sure that effective security arrangements, including back-up procedures, exist for computer systems. Wherever possible back-up information should be securely retained in a fireproof location, preferably off-site, or in an alternative location within the building.
- B14 To make sure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that employees are aware of their responsibilities under the legislation.
- B15 To make sure that relevant standards and guidelines for computer systems issued by the Finance Manager are observed.
- B16 To make sure that computer equipment and software are protected from loss and damage through theft, vandalism etc.
- B17 To comply with the copyright, designs and patents legislation and, in particular, to make sure that:
- only software legally acquired and installed by the Council is used on the Council's computers
 - employees are aware of the provisions of the legislation in developing systems, due regard is given to the issue of intellectual property rights.

C REVENUE BUDGETS - PREPARING BUDGETS

Why is this important?

Derby Homes is a complex organisation responsible for delivering a wide variety of services. Like other big organisations it needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The budget is the financial expression of Derby Homes' plans and policies. Not least, it should demonstrate that the plans of Derby Homes are affordable.

Responsibilities of Finance Manager

- C1 To determine the detailed form of revenue estimates, consistent with the general directions of the Board, and after consultation with Senior Officers.
- C2 To issue guidelines within which Senior Officers of Derby Homes should prepare budgets.
- C3 To prepare and submit reports on budget prospects for Derby Homes, including resource constraints. Reports should take account of medium-term prospects, where appropriate.

- C4 To prepare and submit reports on the aggregate spending plans of Derby Homes' services and on the resources available to fund them, identifying, where appropriate, the implications for the level of rent to be levied.
- C5 To encourage best use of resources and value for money by working with Senior Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

Responsibilities of Director of Derby Homes

- C6 To prepare estimates of income and expenditure, in consultation with the Finance Manager.
- C7 To prepare budget proposals that are consistent with any relevant cash limits, with Derby Homes' annual budget cycle and with guidelines issued by the Finance Manager, consistent with the general directions of the Board.
- C8 To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- C9 To consult with other Senior Officers, where it appears that a budget proposal is likely to impact on their service activity.

D REVENUE BUDGETS - MANAGING AND CONTROLLING BUDGETS

Why is this important?

Budgetary control is a continual process enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism to call to account managers responsible for defined elements of the budget. By identifying and explaining variances against budgetary targets, Derby Homes can identify changes in trends and resource requirements at the earliest opportunity.

Derby Homes itself operates within an annual cash limit, approved in setting the overall budget. To make sure that Derby Homes in total does not overspend, each service is required to manage its own spending within the cash limited budget allocated to it. For the purposes of budgetary control by managers, a budget head will normally be a cost centre, but may be a more detailed level in the standard coding structure if this is required by the Scheme of Delegation.

Responsibilities of Finance Manager

- D1 To establish an appropriate framework of budgetary management and control, based on the principles that:
- a. budget management is exercised within annual cash limits unless the Board agrees otherwise
 - b. each Senior Officer has available timely information on receipts and payments on each budget head of approved estimates, to enable budget managers to fulfil their budgetary responsibilities
 - c. expenditure is committed only against an approved budget head
 - d. all officers responsible for committing expenditure comply with relevant guidance, including Financial Regulations
 - e. each budget head has a single named manager, determined by the Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
 - f. significant variances from approved budgets are investigated and reported by managers regularly.
- D2 To administer Derby Homes Scheme of Virement (see Appendix 2).
- D3 To submit reports to the Board, in consultation with the Director, where Derby Homes is unable to balance expenditure and resources within existing approved budgets under their control.
- D4 To prepare and submit reports on Derby Homes projected position compared with the budget.

Responsibilities of the Director of Derby Homes

- D5 To maintain budgetary control within the department, in adherence to the principles in D1.
- D6 To make sure that a single accountable budget manager is identified for each budget head under the control of the Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- D7 To make sure that spending remains within the service overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or under spent, taking appropriate corrective action.
- D8 To prepare and submit to the Board, reports on Derby Homes' financial position compared with its budget, in consultation with the Finance Manager.

- D9 To report in the first instance to the Board on proposals which:
- a. create financial commitments in future years
 - b. initiate new policy or cease existing policies
 - c. materially extend or reduce Derby Homes' services

explaining clearly the full financial implications, after consultation with the Finance Manager.

Unless the Board has agreed otherwise, Senior Officers must plan to contain the financial implications of such proposals within their cash limit in all years.

- D10 When reporting to the Board any proposal for income or expenditure not provided for in an approved budget, to identify fully the proposed source of finance, after consultation with the Finance Manager.
- D11 To make sure compliance with the Scheme of Virement (see Appendix 2).
- D12 To consult with the relevant City Council Chief Officer where it appears that a proposal, including any virement proposal, may impact materially on another service or Chief Officer's service activity.

E CAPITAL BUDGETING

Why is this important?

Derby Homes has delegated responsibility to spend the City Council's capital programme. The overall size of the Council housing capital programme will be set by the Council. Capital expenditure involves acquiring or enhancing assets with a long-term value to the authority, such as land, buildings, and major items of plant and equipment or vehicles. This also includes the provision of grants for capital expenditure to other bodies. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs. The Government places strict controls on the financing capacity of the Council. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

General

- E1 All capital schemes must be included in the capital programme approved by the Council and the Board, including those identified during the course of a financial year. The approval by the Council and the Board of a programme of capital expenditure authorises the Director to:
- a. prepare such designs, detailed estimates and other professional reports necessary to allow schemes to commence

- b. commence spending on individual schemes up to £100,000 in total subject to compliance with the Council's Contract Standing Orders and subject to the Director being satisfied that appropriate legal, technical and professional matters have been dealt with
 - c. tender, in accordance with the Council's Contract Standing Orders, for individual schemes over £100,000 in total, subject to the approval by the Board of a Scheme Commencement Report prepared by the Director in consultation with the respective technical, legal and finance officers
 - d. following c. above, commence spending on individual schemes over £100,000 in total subject to the Director being satisfied that approved budgetary provision is in place and the details declared in the Scheme Commencement Report are unchanged.
- E2 The approved capital programme approves a funded level of spending for the current financial year only and should not be exceeded unless separately approved in accordance with the limits in Appendix 1.
- E3 Funding for capital schemes may be from the revenue budget, in accordance with revenue budget virement rules.
- E4 Rolling programmes included in the capital programme can commence once a costed schedule of works has been approved by the Director and relevant legal, technical and finance officers, and subject to compliance with the Council's Contract Standing Orders.
- E5 Where a long-term development scheme is included in the approved capital programme (for example, Housing Estate renovations), annual programming of works should be carried out as required for rolling programmes (see E4 above), subject to compliance with E1 above for the overall scheme.

Responsibilities of Finance Manager

- E6 To prepare capital estimates jointly with Director and to report to the Board and Council Cabinet for approval. The Council Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council. Council approval is required where the Director proposes to bid for or exercise additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing creates future commitments to financing costs.
- E7 To prepare and submit reports on the Council's projected expenditure and resources compared with the approved estimates.

- E8 To issue guidance concerning capital schemes and controls. The definition of 'capital' will be determined by the Director of Finance, having regard to Government regulations and accounting requirements.
- E9 To obtain Board authorisation for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount (see Appendix 1).
- E10 To report to the Board on capital expenditure compared to estimates, including all contracts where the final expenditure exceeds the approved estimate by more than the prescribed amount (see Appendix 1).

Responsibilities of the Director of Derby Homes

- E11 To comply with guidance concerning capital schemes and controls issued by the Finance Manager (which will be in accordance with the Council's Contract Procedure rules).
- E12 To prepare regular reports reviewing the capital programme provisions for their services and to prepare a quarterly return of estimated final cost of schemes in the approved capital programme for submission to the Finance Manager.
- E13 To make sure that adequate contract records are maintained in respect of all capital contracts.
- E14 To proceed with projects only when there is adequate provision in the capital programme, and with the agreement of the Finance Manager where required under E1.
- E15 To prepare and submit reports, jointly with the Finance Manager, to the Board of any variation in contract costs greater than the approved limits (see Appendix 1).
- E16 To prepare and submit reports to the Board on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount (see Appendix 1).
- E17 Make sure that they do not enter into credit arrangements, such as leasing agreements, without the prior approval of the Director of Finance and, if applicable, approval of the scheme through the capital programme.
- E18 To consult with the Director of Finance and to seek Board, Cabinet and Council approval where the Director proposes to bid for additional borrowing approvals to be issued by Government Departments to support expenditure, which has not been included in the current year's capital programme.

- E19 Consistent with revenue budget management, each capital scheme should have one nominated budget manager with responsibility for

F ACCOUNTING

Why is this important?

Proper accounting records are one of the ways in which Derby Homes discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that expenditure is legal, the accounts are properly prepared and proper accounting practices have been followed.

Responsibilities of Finance Manager

- F1 To determine the accounting procedures and records of Derby Homes. In consultation with the Director of Finance of Derby City Council.
- F2 To compile all accounts and accounting records or make sure they are compiled under the Director's direction.
- F3 To comply with the following principles when allocating accounting duties:
- separating the duties of providing information about sums due to or from Derby Homes and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - employees with the duty of examining or checking the accounts of cash transactions will not themselves be engaged in these transactions.
- F4 To make proper arrangements for the audit of Derby Homes' accounts in accordance with the Companies Act (1985).
- F5 To prepare and publish the audited accounts of Derby Homes for each financial year, to comply with and support the statutory timetable, and with the requirement for the Council to approve the Statement of Accounts before 30 September.
- F6 To administer Derby Homes' arrangements for under and overspendings to be carried forward to the following financial year (see Appendix 2).

Responsibilities of the Director of Derby Homes

- F7 To consult and obtain the approval of the Finance Manager before making any changes to accounting records and procedures.

- F8 To comply with the principles outlined at paragraph F3 when allocating accounting duties.
- F9 To maintain adequate records to provide an audit trail for leading from income/expenditure source through to the accounting statements.
- F10 To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the City Council's Director of Finance.

G AUDIT

Why is this important?

The Finance Manager has the responsibility for the overall financial administration of the company's affairs and is responsible for ensuring effective and proper use of all resources by working with the Internal Audit department of Derby City Council

Derby Homes' accounts are also scrutinised by external auditors, appointed by the Board, who must be satisfied that the accounts represent a true and fair view are prepared in accordance with proper accounting practices.

Responsibilities of the City Councils Director of Finance

- G1 The has authority to:
- enter at all reasonable times on any Derby Homes premises or land
 - have access to all records, documents and correspondence relating to any financial and other transactions of Derby Homes
 - require and receive explanations as necessary about any matter under examination
 - require any employee of Derby Homes to produce cash, stores or any other Derby Homes property under their control.

In relation to rights of access, the expected to have a personal responsibility to observe the highest standards of confidentiality and personal integrity.

- G2 To maintain Strategic and Annual Audit Plans in which audit cover has regard to the characteristics and relative risks of the activities involved, and to liaise with Senior Officers on the audit strategy and cover required. In addition to the statutory requirement this takes account of the need to seek added value, effective use of resources, improved performance and cost-effective controls.

- G3 To maintain an adequate and effective internal audit of the financial and other records, systems and procedures for control of the Derby Homes' resources.
- G4 On completion of each audit, to report in writing on the matters raised and the action to be taken. If an appropriate response to the audit recommendations is not made within a reasonable period, the Finance Manager may, after consultation with the Director of Derby Homes, refer the matter to the Chair of Derby Homes.
- G5 To approve any new systems for maintaining financial records or records of assets or changes to such systems. This approval should be obtained from the Head of Internal Audit.
- G6 To investigate promptly any fraud or irregularity identified by or notified to the Finance Manager and to report to the Director of Derby Homes who will consider any legal proceedings and disciplinary action in consultation with the appropriate legal advisers.
- G7 To report annually to the Director and to the Board on the main issues raised by Internal Audit during the year.

Responsibilities of the Director of Derby Homes

- G8 To make sure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets which the Auditors consider necessary for the purposes of their work.
- G9 To make sure that Auditors are provided with any information and explanations that they seek in the course of their work.
- G10 To consider and respond promptly to recommendations in audit reports.
- G11 To make sure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- G12 To notify the Finance Manager immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of Derby Homes property or resources. Pending investigation and reporting, Senior Officers should take all necessary steps to prevent further loss and to secure records and documentation against removals or alteration.
- G13 To make sure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Council's Head of Internal Audit, prior to implementation.

H ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

Public money should be spent with demonstrable probity and in accordance with Derby Homes' policies. These procedures should help to make sure that services can receive value for money in their purchasing arrangements. These Regulations should be read in conjunction with the Derby Homes' Standing Orders.

General

- H1 Every employee and member of Derby Homes has a responsibility to declare any links or personal interests that they may have with purchasers or suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of Derby Homes.
- H2 Official orders must be in a form approved by the Finance Manager and Company Secretary. Official orders must be issued for all work, goods or services to be supplied to Derby Homes except for supplies of utilities, periodical payments such as rent or rates, petty cash purchases or other exceptions specified by the Finance Manager.
- H3 Each order must conform with the directions Derby Homes on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Finance Manager and Company Secretary.
- H4 Apart from petty cash, the normal method of payment of money due from Derby Homes will be by cheque or other instrument drawn on the Council's bank account or National Giro account by the Director of Finance. The use of direct debit or standing orders will require the prior agreement of the Director of Finance of the City Council.
- H5 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of Derby Homes contracts, unless specifically authorised by the Company Secretary in writing and appropriate accounting arrangements made.

Responsibilities of Finance Manager

- H6 To make sure that all of Derby Homes' financial systems and procedures are sound and well administered.
- H7 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- H8 To approve the form of official orders, and associated terms and conditions, in consultation with the Company Secretary.
- H9 To make payments on the Director's authorisation that the expenditure has been duly certified in accordance with Financial Regulations.
- H10 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- H11 To make payments to contractors on the certificate of the Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- H12 To provide advice and encouragement on making payments by the most economical means.

Responsibilities of Director of Derby Homes

- H13 To make sure that written and uniquely numbered orders are used for all goods and services other than the exceptions specified in H2.
- H14 To make sure that only official pre-numbered order forms are used. These are controlled stationery and should be retained securely when not in use.
- H15 To make sure that orders are only used for goods and services provided to the department. Individuals must not use official orders to obtain goods or services for their private use.
- H16 To make sure that only those employees authorised by them to sign orders and to maintain an up-to-date list of such authorised employees, including specimen signatures identifying in each case the limits of their authority. The signatory of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be taken into consideration.
- H17 To make sure that a budgetary control system is established which enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that it can be taken into account in budget monitoring reports.

- H18 To make sure that goods and services are checked on receipt to make sure they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who signed the order. Appropriate entries should then be made in inventories or stores records.
- H19 In conjunction with the Finance Manager, to make sure that invoices are authorised, processed and paid promptly within agreed contractual terms and conditions or within 30 days of the invoice date in line with the regulations of the Late Payment of Commercial Debts (Interest) Act 1998. Checks should be made to make sure invoices are paid only once, are within budget provision and are coded correctly.
- H20 To make sure that an authorised officer, if possible a different officer from the person who signed the order and in every case a different officer from the person certifying the invoice authorises invoices.
- H21 To make sure that the department maintains and reviews periodically a list of employees approved to certify and authorise invoices. Names of authorising officers together with specimen signatures and details of the limits of their authority must be forwarded to the Finance Manager.
- H22 Payment should not be made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of such payments rendered should be reported to the Head of Internal Audit.
- H23 To encourage suppliers of goods and services to receive payment by the most economical means for Derby Homes. Payments should, however, not be made by direct debit unless essential and must have the prior approval of the Director of Finance of the City Council.
- H24 To make sure that the department obtains best value for money from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices issued by the Director of Corporate Services of the City Council.
- H25 To utilise the central purchasing procedures established by the Director of Corporate Services of the City Council in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with Contract Standing Orders and will cover:
- authorised officers and the extent of their authority
 - advertisement for tenders

- procedure for creating, maintaining and revising a standard list of contractors
 - selection of tenderers
 - compliance with UK and EC legislation and regulations
 - procedures for the submission, receipt, opening and recording of tenders
 - the circumstances where financial or technical evaluation is necessary
 - procedures for negotiation
 - acceptance of tenders
 - the form of contract documentation
 - cancellation clauses in the event of corruption or bribery
 - contract records.
- H26 To make sure that employees are aware of the National Code of Conduct for Local Government Officers, (copies available from City Council Personnel Division), and that all employees have a copy of the Derby Homes and City Council's guidelines for dealing with existing and potential suppliers of goods and services.
- H27 To make sure that no loan, leasing or rental arrangements are entered into without prior agreement from the Director of Finance of the City Council. This is because of the potential impact on the Council's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to make sure value for money is being obtained.
- H28 To notify the Director of Finance of the City Council of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Finance of the City Council and, in any case, not later than 30 April.
- H29 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the City Council's Director of Finance and Director of Corporate Services, the systems and procedures to be adopted on financial aspects. This includes certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.
- H30 To notify the Finance Manager immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- H31 Where revenue budgets are being used to carry out a wide range of programmed work, for example, building maintenance the Director should agree, in consultation with the Board of Derby Homes, a schedule of the proposed work.

I INCOME

Why is this important?

Income can be a vulnerable asset and effective collection systems are necessary to make sure that all of the income due is identified, collections are receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves Derby Homes' and the Council's cash flow and also avoids the time and cost of administering debts.

General

- 11 All money received by an employee on behalf of Derby Homes must be paid without delay to the City Council's bank or national giro account, or an alternative bank account expressly agreed with the Director of Finance of the City Council.

Responsibilities of Finance Manager

- 12 To agree arrangements for the collection of all money due to Derby Homes and approve the procedures, systems and documentation for the collection of all income.
- 13 To order and supply to departments all receipt forms, books or tickets and similar items subject to satisfactory arrangements being in place for their control.
- 14 To agree the write-off of bad debts up to the approved limit in each case and to refer larger sums to the Board and Council Cabinet.
- 15 To approve all debts to be written off and keep a record of all sums written off up to the approved limit (see Appendix 1).
- 16 To obtain the approval of the City Council's Director of Corporate Services for writing off debts in excess of the approved limit and the approval of the Council Cabinet where required. (see Appendix 1).

Responsibilities of Director of Derby Homes

- 17 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, within corporate policies.
- 18 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.

- I9 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- I10 To issue official receipts or maintain other documentation for income collection.
- I11 To make sure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- I12 To hold securely receipts, tickets and other records of income, for the appropriate period.
- I13 To lock away all income to safeguard against loss or theft.
- I14 To make sure that income is paid fully and promptly into the appropriate City Council bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an adequate audit trail.
- I15 To make sure income is not used to cash personal cheques or other payments.
- I16 To supply the City Council's Director of Finance with details relating to work done, goods supplied or services rendered or other amounts due, to enable him to record correctly the sums due to the Council and to make sure accounts are sent out promptly. Senior Officers have a responsibility to assist the City Council's Director of Finance and Director of Corporate Services to collect debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the City Council's behalf.
- I17 To keep a record of every transfer of official money between employees of Derby Homes. The receiving officer must sign for the transfer and the transferor must retain a copy.
- I18 To recommend to the City Council's Director of Finance all debts to be written off and keep a record of all sums written off up to the approved limit. Once raised, no bona fide debt may be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- I19 To obtain the approval of the City Council's Director of Finance and the Director of Corporate Services for writing off debts in excess of the

approved limit and the approval of the Council Cabinet where required (see Appendix 1).

- I20 To notify the City Council's Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the City Council's Director of Finance and not later than 30 April.
- I21 To make sure that invoices are raised within 28 days of completion of the work/job, including agreed phased completion.

J PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

Employee costs are the largest item of expenditure in most departments of Derby Homes. It is therefore important that there should be controls in place to make sure that payments are made only where they are due for services to Derby Homes and that payments accord with individual's conditions of employment.

Responsibilities of Finance Manager

- J1 To make sure satisfactory arrangements and controls exist to provide secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with procedures prescribed by the City Council's Director of Finance, on the due date.
- J2 To record and control tax, superannuation and other deductions.
- J3 To make arrangements for payment of all travel and subsistence claims or financial loss allowance, jointly with the Company Secretary.
- J4 To make arrangements for paying Board Members travel or other allowances upon receiving the prescribed form duly completed, jointly with the Company Secretary.
- J5 To provide advice and encouragement to secure payment of salaries and wages by most economical means.

Responsibilities of Director of Derby Homes

- J6 To make sure appointments are made in accordance with the regulations of Derby Homes and approved establishments, grades, and scale of pay.

- J7 To notify the City Council's Director of Finance of all appointments, terminations, or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of Finance. Employees should have one unique employee reference number and no employee should be issued with a second reference number without the agreement of the Director of Finance.
- J8 To make sure that adequate and effective systems and procedures are operated for personnel and payroll aspects, so that:
- payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
 - there is an effective system of checking and certifying payroll forms, etc.
- J9 To send an up-to-date list of the names of officers authorised to sign records to the City Council's Director of Finance, together with specimen signatories.
- J10 To make sure that payroll transactions are processed only through the payroll system. The Director of Derby Homes should give careful consideration to the employment status of individuals employed on a "self employed consultant or sub contract" basis. The Inland Revenue applies a tight definition for employee status and in cases of doubt, advice should be sought from the Finance Manager.
- J11 To certify travel and subsistence claims and other allowances, where certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred and allowances properly payable by the Council, making sure that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Finance Manager informed where appropriate.
- J12 To make sure that the details of any employee benefits in kind are notified to the City Council's Director of Finance to enable full and complete reporting within the Income Tax Self Assessment system.

Responsibilities of Board Members

- J13 To submit claims for Board Members' travel and subsistence allowances on a monthly basis and, in any event, within one month of the year-end.

K TAXATION

Why is this important?

Like all organisations, Derby Homes is responsible for making sure its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

Responsibilities of Finance Manager

- K1 To complete all Inland Revenue returns regarding PAYE.
- K2 To complete a monthly return of VAT inputs and outputs to HM Customs and Excise.
- K3 To provide details to the Inland Revenue regarding the Construction Industry Tax Deduction Scheme, including all relevant monthly and annual returns.
- K4 To complete all Inland Revenue returns regarding Corporation Tax.

Responsibilities of Director of Derby Homes

- K5 To make sure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Customs and Excise Regulations.
- K6 To make sure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Scheme requirements, and that departments provide accurate and timely information to enable all statutory returns to be completed.
- K7 To make sure that all persons employed by Derby Homes are added to the Company's payroll and tax deducted from any payments, except where the individuals are bona-fide self employed or are employed by a recognised employee agency.

L ASSETS, SECURITY AND RISK MANAGEMENT

Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

Security

Responsibilities of Finance Manager

- L1 To make sure an Asset Register is maintained in accordance with good practice.
- L2 To receive information from each Senior Officer required for accounting, costing and financial records.

Responsibilities of Director of Derby Homes

- L3 The Company Secretary will maintain a property database, in a form approved by the Finance Manager, for all properties, plant and machinery and moveable assets currently owned or used by the Council. Where there is no contractual obligation, expenditure on rented property will be subject to consultation by the Director, Finance Manager and Company Secretary. Any use of property by a department or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of the use.
- L4 To make sure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the City Council's Director of Corporate Services, in consultation with the City Council's Director of Finance as appropriate, has been signed by the City Council's Director of Corporate Services.
- L5 To make sure the proper security of all buildings and other assets under their control.
- L6 Where land or buildings are surplus to the requirements of the service, a recommendation for the disposal of that land or building should be made to the City Council.
- L7 Where the use of buildings or land is subject to appropriation between services, to refer the appropriation for approval by the Council Cabinet

and/or Council, taking into account the alternative possible uses of the land.

- L8 To pass title deeds to the City Council's Director of Corporate Services who is responsible for custody of all title deeds.
- L9 To make sure that no City Council or Derby Homes asset is subject to personal use by an employee without proper authority.
- L10 To make sure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to Derby Homes and the Council.
- L11 To make sure that Derby Homes maintains a register of moveable assets in accordance with arrangements defined by the Finance Manager.
- L12 To make sure assets are identified, their location recorded and that they are appropriately marked and insured.
- L13 To consult the Finance Manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- L14 To make sure cash holdings on premises are kept to a minimum.
- L15 To make sure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Finance Manager as soon as possible.
- L16 To record all disposals of Derby Homes' assets that should normally be by competitive tender or public auction, following consultation with the Finance Manager and Company Secretary. City Council assets disposal should be referred to the City Council.
- L17 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Finance Manager.
- L18 To make sure that all their employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value and its disclosure or loss could result in a cost to Derby Homes or the Council in some way.

Insurance

Responsibilities of Finance Manager

- L19 To effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- L20 To include all appropriate employees of Derby Homes in a suitable fidelity guarantee insurance.

Responsibilities of Director of Derby Homes

- L21 To notify the Finance Manager immediately of any loss, liability or damage, which may lead to a claim against Derby Homes or the Council, together with any information or explanation required by the Finance Manager or Derby Homes' insurers.
- L22 To notify the Finance Manager promptly of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- L23 To consult the Finance Manager and Company Secretary respecting the terms of any indemnity, which Derby Homes is requested to give.
- L24 To make sure that Derby Homes' employees do not admit liability, which may prejudice an insurance claim.
- L25 To take responsibility for risk management having regard to advice from the Finance Manager and other specialist officers such as Crime Prevention, Fire Prevention, Health and Safety.

Inventories

Responsibilities of Director of Derby Homes

- L26 To maintain inventories and record an adequate description of furniture, fittings and equipment, plant and machinery and to carry out an annual check of all items on the inventory in order to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should prudently be identified with security markings as belonging to the Council or Derby Homes.
- L27 To make sure that Derby Homes and the Council's property is not removed except in accordance with the ordinary course of Derby Homes' business and it is not used except for the Derby Homes' purposes unless the Director has issued specific directions.

Stocks and Stores

Responsibilities of Director of Derby Homes

- L28 To make arrangements for the care and custody of stocks and stores in the department.
- L29 To make sure stocks are maintained at reasonable levels and subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- L30 To write-off discrepancies or obtain Board/Council Cabinet and/or Council approval if they are in excess of a predetermined limit (see Appendix 1).
- L31 To authorise or write-off disposal of redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, following consultation with the Finance Manager and Company Secretary and if appropriate the Council's Director of Finance and Director of Corporate Services.
- L32 To seek Council Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum (see Appendix 1).

Risk Management

- L33 The Risk Management Funding Sub Group, in consultation with Chief Officers, is authorised to manage the Risk Management Fund, providing support to approved departmental risk management initiatives.

M TREASURY MANAGEMENT, INVESTMENTS AND BORROWING, BANKING AND TRUST FUNDS

Why is this important?

Many millions of pounds pass through Derby Homes and the Council's books each year. A very few Councils have suffered high profile losses through inappropriate treasury management procedures and this has led to the establishment of Codes of Practice. These aim to provide assurances that the Council's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

Investments and Borrowing

Responsibilities of Director of Finance

- M1 To make sure that all investments of money are made in the name of the Council or in the name of nominees approved by the Council Cabinet.
- M2 To make sure that all securities which are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the Director of Corporate Services.
- M3 To effect all borrowings in the name of the Council, except where the Department for Education and Employment has given written permission to borrow.
- M4 To act as the Council's registrar of stocks, bonds, mortgages and to maintain records of all borrowing of money by the Council.

Responsibilities of Director of Derby Homes and Finance Manager

- M5 To make sure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of the Council Cabinet, following consultation with the Council's Director of Finance and Director of Corporate Services.

Trust Funds and Funds held for Third Parties

Responsibilities of Director of Derby Homes

- M6 To arrange that all trust funds are, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position will deposit securities etc relating to the trust with the Company Secretary unless the deed otherwise provides.
- M7 To arrange where funds are held on behalf of third parties, for their secure administration, approved by the Finance Manager, and maintain written records of all transactions.

Treasury Management

Responsibilities of Council's Director of Finance

- M8 To arrange borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Treasury Policy Statement.

- M9 To report twice a year to the Executive on Treasury Management activities.
- M10 To operate bank accounts as are considered necessary within the terms of the banking arrangement. Opening or closing any bank account requires the approval of the Director of Finance.

Imprest Accounts

Responsibilities of Finance Manager

- M11 To provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of Derby Homes and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- M12 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody for the control of these advances.
- M13 To reimburse float holders as often as necessary to restore the floats but normally not more than monthly.

Responsibilities of Director of Derby Homes

- M14 To make sure that employees operating an imprest account:
- (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
 - (b) make adequate arrangements in their office for the safe custody of the account
 - (c) produce upon demand to the Finance Manager cash and all vouchers to the total value of the imprest amount
 - (d) record transactions promptly
 - (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
 - (f) provide the Finance Manager with a certificate of the value of the account held at 31 March each year
 - (g) to make sure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
 - (h) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee will account to the Finance Manager for the amount advanced to them.

N WORK FOR THIRD PARTIES

Why is this important?

Current legislation enables Derby Homes to provide a range of services to other bodies. Such work may enable the unit to maintain economies of scale and existing expertise. Arrangements should be in place to make sure that any risks associated with this work is minimised.

Responsibilities of Director of Derby Homes

- N1 To make sure that the approval of the Board is obtained before any negotiations are concluded to work for third parties, subject to the limits set out in the Derby Homes Contract Standing Orders.
- N2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Company Secretary.
- N3 To make sure that appropriate insurance arrangements are made.
- N4 To make sure that Derby Homes and the Council is not put at risk from any bad debts.
- N5 To make sure that no contract is subsidised by Derby Homes or the Council.
- N6 To make sure that, wherever possible, payment is received in advance of the delivery of the service.
- N7 To make sure that Derby Homes has the appropriate expertise to undertake the contract.
- N8 To make sure that such contracts do not impact adversely upon the services provided for the Council.
- N9 To make sure that all contracts are properly documented.
- N10 To provide appropriate information to the Finance Manager to enable a note to be entered into the Statement of Accounts.

O DIRECT LABOUR/SERVICE ORGANISATIONS AND BUSINESS UNITS

Why is this important?

Compulsory competitive tendering has lead to the establishment of statutory DSOs within the Council. Other departments may also move to establish

Business Units to enable employees to prepare for future competition and to demonstrate explicitly that services are valued and provide value for money. Financial Regulations apply equally to the Council's DSOs and other units.

Responsibilities of Director of Derby Homes

- O1 To consult with the Council's Director of Corporate Services and Director of Finance where a direct labour or service organisation wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they are capable of being terminated within the main contract period without penalty.
- O2 To observe all statutory requirements in relation to DSOs, including the maintenance of a separate Revenue Account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and an annual report in support of the final accounts.
- O3 To make sure that similar accounting principles are applied in relation to trading accounts of other services or business units.
- O4 To make sure that each DSO and Business Unit prepares an annual business plan.

Note:

Compulsory Competitive Tendering legislation ended in January 2000. The above financial regulations will continue to apply for services which, following competition, have been awarded to an in-house provider or any other unit operating on a trading basis with other parts of the Council.

Constitution of the Council

APPENDIX 1

FINANCIAL LIMITS

Reference

Capital Schemes Control

Variation in contract cost approved limits

If, either at the commencement of a scheme or at any time during a scheme, variations to the total scheme cost should be reported where:

- an increase of more than £5,000 in schemes of under £50,000, or
- an increase of more than 10% in a scheme between £50,000 and £250,000

to the Board and Council Cabinet.

Income

Chief Officer approved write-off limit

A Chief Officer and, where an account has been referred to him for collection, the Director of Corporate Services, may, with the written agreement of the Director of Finance, write-off:

- (a) bad debts or remit charges not exceeding £10,000 in any one case including current tenants' rent arrears and housing benefit or council tax benefit overpayments
- (b) council tax charges and community charges not exceeding £10,000 plus any associated court costs and distress fees of a charge payer in respect of any financial year.

Sums over £10,000 require the approval of the Board and Council Cabinet.

The Director of Finance may initiate such write-off or remission after consultation, if necessary, with the Director of Derby Homes and the Director of Corporate Services. This Regulation will not apply to unpaid rates, community charges, council tax, commercial rents, council tax or general debts written off by the Director of Finance under his or her delegated power.

Write-off of stock discrepancies, redundant stock and equipment

Reference

Director of Derby Homes' approval limit: L26/L27

Up to a maximum of £10,000 in any financial year, where the stock value is shown as an asset in the Council's accounts.

All write-offs above the Chief Officer limit will be agreed by the Director of Finance.

Imprest Accounts

Minor items of expenditure met from imprest accounts should not exceed £25.

Work for Third Parties

Referral to the Director of Corporate Services:

Contracts above £5,000. N2

APPENDIX 2

REVENUE BUDGET - VIREMENT AND CARRY FORWARD

Scheme of Virement and Carry Forward

Derby Homes will work within the Council's Scheme of Virement and Carry Forward, which is administered by the Director of Finance within guidelines set by the Council. Any variation from this scheme requires the approval of the Board and the Council.

Normally, detailed budget heads are approved by the Board, the Council and the Director of Derby Homes is authorised to incur expenditure in accordance with those estimates. The rules below cover virement, i.e. switching resources between heads of expenditure and income, and carry forward, i.e. arrangements for the transfer of resources between accounting years. For the purposes of this scheme a budget head is a line in the estimates report, or, as a minimum, at an equivalent level to the standard service sub-division as defined by CIPFA.

The scheme of virement is intended to enable the Director and his accountable employees to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the Board and the Council, so as to make optimum use of resources. The Director is expected to exercise his discretion in budget management responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.

Virement

- (a) The Director of Derby Homes may exercise temporary virement on budgets under his control for amounts up to £50,000 on any one-estimate head during the year, following notification to and the agreement of the Director of Finance. Sums up to £100,000 additionally require approval of the Board and/or the Council Cabinet.
- (b) Amounts greater than £100,000 require the approval of the Council.
- (c) The prior approval of the Board and/or the Council is required for all new proposals, of whatever amount, which:
 - create financial commitments in future years
 - initiate new policy or cease existing policies
 - materially extend or reduce Derby Homes' services.

unless agreed in advance to be technical in nature by the Finance Manager. The making permanent of temporary virements would be addressed as part of the budgetary process for the following year or where urgent through the approval of the Board and/or Council Cabinet and Council.

The report should explain the full financial implications, after consultation with the Finance Manager. Unless the Council has agreed otherwise, the Director must plan to contain the financial implications of such proposals within his cash limit.

- (d) The prior approval of the Council Cabinet is required to any virement, of whatever amount, where it is proposed to vire between budgets managed by different Chief Officers or areas under the responsibility of different Cabinet Members.
- (e) Virement that is likely to impact on the level of service activity of another service area or Chief Officer should be implemented only after consultation with the relevant Chief Officer.
- (f) No virement relating to a specific financial year will be made after 31 March in that year.
- (g) Where an approved budget head is a lump sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
 - a. the amount is used in accordance with the purposes for which it has been established
 - b. the Board has approved the basis and the terms, including financial limits, on which it will be allocated.

Carry Forward

- (a) Any overspending on Service estimates in total on budgets under the control of the Director must be carried forward to the following year, and will constitute the first call on service estimates in the following year. The extent of overspendings carried forward will be reported by the Finance Manager to the Board.
- (b) Net underspendings on service estimates, under the control of the Director, may be carried forward, subject to:
 - reporting to the Board on the source of underspending or additional income and the proposed application of the resources

- the total to be carried forward not exceeding total net underspending by that service on budgets under the Director's control
- the approval of the Board where the underspending exceeds 5% of the individual budget head or £50,000, whichever is less.